

Issue Brief – HEAT & Weatherization

DEPARTMENT OF COMMUNITY AND CULTURE

NUMBER ED-06-05

SUMMARY

Home Energy Assistance Target - The Home Energy Assistance Target (HEAT) program is a federally funded program that helps low income households pay for heating their homes. In particular the program targets two groups of people those most vulnerable and those with the highest energy burdens. The vulnerable population would be those who are older, those with disabilities or those households with young children. The high burden households are generally low income households with high home energy costs.

The HEAT program generally offers utility payment assistance to eligible households. Funding for the program is expected to be \$15,423,700 in FY 2007. Assistance is generally provided November through April each year. To qualify for HEAT assistance families need not be receiving other state services. Qualification is based on a maximum of 150 percent of the Federal Poverty Rate. The program generally serves about 33,000 households annually. Funds remaining after the assistance period ends can be used for weatherization activities.

Weatherization – The Weatherization program helps low-income households reduce energy consumption. Funds are distributed to government and non-profit agencies to provide the necessary services. Benefits are provided through non-cash grants to eligible households. These grants are used to make energy efficiency improvements to homes. The improvements made can reduce energy consumption by as much as 33 percent.

OBJECTIVE

The purpose of this issue brief is to inform the Legislature of programs which help reduce energy cost for low income household. With energy costs increasing there is an increased demand for service that over time the Legislature may want to consider.

DISCUSSION AND ANALYSIS

Funding for the programs identified above are not entitlement based. The Federal Government provides a certain amount each year which is allocated to the states. Once funds are gone, HEAT grantees can no longer provide federal help until the next federal fiscal year.

Increasing energy cost will cause these programs to become more important to low income households. Households in poverty typically spend an average of 25 percent of their annual income on energy bills throughout the year. As residential energy bills increase low income households will have to prioritize between energy and other household expenditures. Rising energy costs are expected to be a long term phenomena. The Legislature will want to monitor changes on the federal horizon that may affect the states HEAT and Weatherization programs and consider hearing a report by the Division of Housing and Community Development in the interim related to HEAT and Weatherization issues.